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**Testimony of State Representative James Albis  
To the Insurance and Real Estate Committee in support of:  
HB 5230, *AAC Various Changes to Property and Casualty Insurance Statutes*  
February 28, 2011**

Thank you for the opportunity to testify on some important consumer issues before your committee this session. I represent the town of East Haven, which as you know, was the town hit the hardest by Tropical Storm Irene. My community lost over 25 shoreline homes in August. Today, five months later, many of my constituents are still working to resolve homeowners' claims, pursue FEMA reimbursement, obtain building permits from the town and state, and navigate the complex process of rebuilding their homes and their lives.

**HB 5230, *An Act Concerning Various Changes to Property and Casualty Insurance Statutes***, takes steps to protect consumers from future storm losses and insurance industry abuses. I have heard from numerous homeowners who have paid their premiums on time and in-full year after year and taken precautions to keep their property safe – only to face delays and lack of communication when they were forced file a claim and use their insurance following the storm.

First, section 1 of this bill responds to the large hurricane and windstorm deductibles that many homeowners were charged following Tropical Storm Irene. Some homeowners whose policies contained "windstorm" deductibles were misled into believing that their deductibles applied only to damage from a hurricane. This bill prohibits insurers from implementing deductibles due to windstorms. It permits hurricane deductibles only for losses due to a hurricane occurring in our state, as documented by the National Weather Service.

The bill specifies that these deductibles may be charged only when the declarations page of the policy clearly states that the policy has a hurricane deductible and discloses the dollar amount that the homeowner will be required to pay should the deductible be applied. The legislation also requires that homeowners who purchase policies with hurricane deductibles receive a credit toward their premium because their level of coverage is being reduced by the deductible.

This bill also protects consumers who take immediate steps to mitigate the damage to their homes by requiring contractors who are performing this work under a homeowner's or

commercial risk policy to provide homeowners with a written description of the work to be completed and an estimate of the total price. This requirement currently applies to remediation work.

The legislation also requires that the coverage issued under a homeowner's insurance policy include the same terms as a standard fire insurance policy, such as requiring the insurer to pay claims within 30 days of receiving proof of loss. Standard fire insurance policy provisions are sometimes, but not always, part of the homeowners' insurance packages. Many consumers assume that their policies already include these provisions and are surprised to learn that they do not. Finally, this bill prohibits fire, homeowners and commercial property insurers from denying payment on losses because a covered repair, replacement or rebuilding has not been completed by a date set by the insurer. Under the bill, as long as the insured made a claim within 180 days of a date of loss, the insurer is required to pay. As we have seen in East Haven, home and business owners have many hurdles to overcome when seeking the proper local and state approvals to repair and rebuild their property, particularly on the shoreline. Consumers who purchase policies in good faith should not be limited by an insurer's arbitrary timetable.

I appreciate the committee's efforts to protect consumers and ease the process of rebuilding after severe storm damage for communities like mine.